



DITEM EXPLORATIONS INC.

FIRST QUARTER FINANCIAL REPORT
(Unaudited)

For the three months ended
March 31, 2005

Prepared by Management

DITEM EXPLORATIONS INC.**BALANCE SHEET**

(unaudited) (in Canadian dollars)	March 31 2005	December 31 2004	March 31 2004
	\$	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	12 093	22 590	173 501
Accounts receivable	19 459	36 888	127 575
Deposits and prepaid expenses	582	582	582
	32 134	60 060	301 658
Fixed assets (note 1)	9 699	10 210	9 075
Marketable securities (note 2)	82 810	82 810	155 310
Mining properties (note 3)	160 841	160 841	165 900
Deferred exploration costs (note 3)	1 183 023	1 183 023	1 116 963
	1 468 507	1 496 944	1 748 906
LIABILITIES			
Current liabilities			
Accounts payable	76 364	67 163	36 396
	76 364	67 163	36 396
SHAREHOLDERS' EQUITY			
Capital-stock (note 4)	4 664 250	4 664 250	4 664 250
Contributed surplus	219 900	219 900	-
Deficit	(3 492 007)	(3 454 369)	(2 951 740)
	1 392 143	1 429 781	1 712 510
	1 468 507	1 496 944	1 748 906

STATISTICS**Per share value**

Shareholders' equity	0.15	0.16	0.19
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Capital-stock

Shares outstanding	8 986 740	8 986 740	8 986 740
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See accompanying notes to financial statements.

On behalf of the board ;

(signed) Raymond Savoie , Director

(signed) Richard-Marc Lacasse , Director

DITEM EXPLORATIONS INC.

STATEMENT OF DEFERRED EXPENDITURES

(unaudited) (in Canadian dollars)	March 31 2005	December 31 2004
	\$	\$
Balance, beginning of the period	1 100 182	1 100 182
Increase (decrease) :		
Surveying	5 425	5 425
Geological work	31 336	31 336
Others	166 271	166 271
Less credits for mining duties and resource credits	(21 613)	(21 613)
Write-down of mining properties	(98 578)	(98 578)
	82 841	82 841
Balance, end the period	1 183 023	1 183 023

See accompanying notes to financial statements.

DITEM EXPLORATIONS INC.

STATEMENTS OF OPERATIONS AND DEFICIT

(unaudited) (in Canadian dollars)	For the three months ended March 31 2005	For the three months ended March 31 2004
	\$	\$
EVENUE		
Others revenues	-	-
EXPENSES		
Salaries and social benefits	-	4 419
Professional fees	16 464	22 472
Office, trustees and reports to shareholders	11 910	13 963
Rent and taxes	3 889	3 014
Travel	4 579	10 098
Financial	286	105
Depreciation	510	478
	37 638	54 549
NET LOSS OF PERIOD	37 638	54 549
DEFICIT, BEGINNING OF PERIOD	3 454 369	2 897 191
DEFICIT, END OF PERIOD	3 492 007	2 951 740
Loss per share, basic and diluted	0.00	0.01

See accompanying notes to financial statements.

DITEM EXPLORATIONS INC.

STATEMENTS OF CASH FLOWS

(unaudited) (in Canadian dollars)	For the three months ended March 31 2005	For the three months ended March 31 2004
	\$	\$
Cash flows from operating activities ;		
Net loss of period	(37 638)	(54 549)
Adjustments for:		
Depreciation	510	477
Net change in non-cash operating working capital items	<u>26 631</u>	<u>(70 507)</u>
	<u>(10 497)</u>	<u>(124 579)</u>
 Cash flows from investing activities :		
Mining properties	<u>-</u>	<u>(28 838)</u>
	<u>-</u>	<u>(28 838)</u>
 Net decrease in cash and cash equivalents	(10 497)	(153 417)
Cash and cash equivalents, beginning of period	<u>22 590</u>	<u>326 918</u>
Cash and cash equivalents, end of period	<u>12 093</u>	<u>173 501</u>

See accompanying notes to financial statements.

DITEM EXPLORATIONS INC.
Notes to Financial Statements
For the three months ended March 31, 2005

Ditem Explorations Inc. Was incorporated on November 26, 1993 under the Canada Business Corporations Act. The Company holds interests in mineral properties which are presently in the exploration stage and not yet determined whether the properties contain reserves that are economically recoverable.

1. Significant accounting policies :

a) Mining properties and deferred exploration costs :

Exploration assets are carried at costs. Exploration and development expenses relating to a non-producing property are deferred until the property is brought into production or abandoned. Upon abandonment, these costs are charged to earnings. Management reviews the carrying values of assets on a regular basis to determine whether any write-downs are necessary.

Recovery of the costs of properties and deferred exploration and development expenses depends on the discovery of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete the exploration and development of the properties and future profitable production or the disposal of the properties for proceeds in excess of their carrying value.

b) Fixed assets :

Fixed assets are carried at costs. The depreciation is calculated using the diminishing balance methods at the rate of 20 %.

c) Administrative expenses :

Administrative expenses are charges to operating as incurred.

d) Stocks-based compensation and other stock-based payments:

The Company adopted the new accounting recommendations published by the Canadian Institute of Chartered Accountants (« ICCA ») relating to stock-based compensation and other stock-based payments made in exchange for goods and services. Effective January 1, 2004 , the Company uses the fair value method for the options granted to all participants.

e) Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period.

DITEM EXPLORATIONS INC.
Notes to Financial Statements
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1. Significant accounting policies (continued) :

e) Use of estimates (continued) :

Significant areas requiring the use of estimates relate to assessing the realizable values of properties and deferred exploration costs. Consequently, actual results could differ from those estimates.

2. Marketable securities

	March 31, 2005	December 31, 2004
	\$	\$
751 482 common shares of Gastem Inc., representing 8.5% of the shares issued, and those shares are escrowed. (market value - \$93 935)	82 810	82 810
	82 810	82 810

3. Properties and deferred exploration costs:

	March 31, 2005		December 31, 2004	
	Properties	Deferred Exploration Costs	Properties	Deferred exploration costs
	\$	\$	\$	\$
Témiscamingue	0	11 123	0	11 123
Otish Mountain	160 841	1 141 567	160 841	1 141 567
Southampton	0	30 333	0	30 333
	160 841	1 183 023	160 841	1 183 023

a) Otish Mountain property (Beaver Lake, Tichégami, Franks and Eastmain) :

The Company holds a 90% interest in the diamond properties Beaver Lake, Beaver Lake South and Tichégami as well as a 100% interest in the diamond property of Eastmain.

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3. Properties and deferred exploration costs (continued) :

b) Témiscamingue property :

On November 26, 1993, the Company acquired 122 claims in Campeau Township, an area in Témiscamingue, Québec by issuing 750,000 common shares for a consideration \$20,000 and granting a 1% royalty on the gross value of the annual production from all substances extracted. This 1% royalty can be repurchased at all times for a cash consideration of \$1,000,000.

c) Southampton property :

On June 29, 2004, the Company signed an agreement to purchase 100% of the property by incurring \$1,026,373 in exploration expenses over 3 years.

4. Capital stocks :

Authorized :

An unlimited number of common shares without par value.

	March 31, 2005	December 31, 2004
Issued:	\$	\$
8,986,740 common shares	4 664 250	4 664 250
Weighted average number of shares outstanding during the period	8 986 740	8 986 740

Share purchase warrants :

The Company has granted share purchase warrants in different financing and could be required to issue shares as follows :

- 625,000 shares at \$0.52 until June 30, 2005.

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5. Stock option plan :

As at December 31, 2004, 1,797,348 common shares were reserved for future issuances under the stock option plan for the benefit of the directors and officers of the Company. The life of the options cannot exceed 10 years.

The number of stock options outstanding fluctuated as follows :

	03-31-05	Average exercisable price	12-31-04	Average exercisable price
Solde au début de la période	550 000	\$ 0.62	550 000	\$ 0.62
Émission				
Annulé				
Levée				
Solde à la fin de la période	550 000	0.62	550 000	0.62

As at March 31, 2005, the following options were outstanding::

40,000 shares at \$0.75 until September 27, 2005
50,000 shares at \$0.75 until July 9, 2006
150,000 shares at \$0.60 until March 19, 2007
85,000 shares at \$0.75 until April 23, 2007
100,000 shares at \$0.75 until April 30, 2007
125,000 shares at \$0.35 until April 29, 2008

6. Financial instruments :

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments.

Short-term financial instruments :

Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are short-term financial instruments whose fair value approximates their carrying amount given that they will mature shortly.